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FM AMEMBASSY HARARE

TO RUEHC/SECSTATE WASHDC 2343

RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

RUEHUJA/AMEMBASSY ABUJA 1809

RUEHAR/AMEMBASSY ACCRA 1706

RUEHDS/AMEMBASSY ADDIS ABABA 1834

RUEHRL/AMEMBASSY BERLIN 0436

RUEHBY/AMEMBASSY CANBERRA 1111

RUEHDK/AMEMBASSY DAKAR 1468

RUEHKM/AMEMBASSY KAMPALA 1890

RUEHNR/AMEMBASSY NAIROBI 4318

RHEHAAA/NSC WASHDC

RHMFIS/ECOM POLAD VAIHINGEN GE

RUEHGV/USMISSION GENEVA 0961

RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 02 HARARE 001135

SIPDIS

AF/S FOR S.HILL

ADDIS ABABA FOR USAU

ADDIS ABABA FOR ACSS

NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN

TREASURY FOR J.RALYEA AND T.RAND

STATE PASS TO USAID FOR L.DOBINNS AND E.LOKEN

COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A

TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: Zim Notes December 21, 2007

**¶1.** The Embassy Harare Political/Economic Section began producing Zim Notes in July, 2007 to present a perspective on current events in Zimbabwe. Suggestions are always welcome. If you would like to receive Zim Notes by email, as well, please contact Frances Chisholm at chisholmfm@state.gov. Distribution is restricted to U.S. government employees.

**¶2.** Price Movements-Exchange Rate and Selected products:

Parallel: ZW\$1,700,000:US\$1; Official: ZW\$\$30,000:US\$1

Sugar on the parallel market jumped to Z\$3 million/2kg vs.

controlled price of Z\$247,000/2kg

Cooking oil on the parallel market was steady at Z\$6 million/750ml vs. controlled price of Z\$440,000/750ml

Diesel dropped to Z\$2.6 million/liter, while petrol held steady at Z\$3 million/liter vs. Z\$60,000/liter at controlled price

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On the Political/Social Front  
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**¶3.** Parliament Approves Fast-Tracking Of Various Amendments To Key Restrictive Laws - Parliament passed several amendments proposed by the GOZ to the Public Order and Security Act (POSA), the Broadcasting Services Act (BSA), the Access to Information and Protection of Privacy Act (AIPPA) and the Electoral Law this week. These Amendments - which were a result of the Inter-Party negotiations in Pretoria - have not been welcomed by civic groups who have argued that they fall far short of their recommendations and expectations. The MDC national spokesperson was quoted in the press as saying that although the opposition welcomes these changes that were agreed upon in Pretoria, there was still much to be done to ensure an even playing field during the 2008 elections.

The new amendments to POSA provide that individuals or groups that are denied permission to hold a public gathering no longer have to appeal to the Minister of Home Affairs - but rather can appeal to a

magistrate. Written notice of gatherings will now be handled by the officer in charge of the police station nearest to the place of meeting. Police will also be compelled to give notice to organizers of an affected public gathering if they have evidence that a disorder may ensue so that the issue can be discussed before the gathering is prohibited. The amendment also prohibits gatherings near parliament, a court or any protected place or area declared as such in terms of the Protected Areas and Places Act, without the consent of the government official in charge.

Amendments to AIPPA will, inter alia, make it possible for journalists to work in Zimbabwe without accreditation, although accreditation will be necessary to cover Parliament and for access to official information. The Act also grants the Minister of Information and Publicity the discretion to relax provisions concerning foreign ownership of media groups.

The Electoral Laws Amendment Bill will transfer responsibility for keeping voters' rolls from the Registrar of Voters to the Zimbabwe Electoral Commission (ZEC) and theoretically make the rolls more accessible to the public. Employees of the police, defense forces, and prisons will no longer be seconded as staff of the ZEC, except as required for security. Public broadcasters will be required to afford parties and candidates free access to public media. Significantly, the Bill does not affect membership of the current ZEC, widely seen as biased in favor of ZANU-PF, and does not affect the current delimitation exercise currently being carried out by the ZEC.

The changes to the BSA Bill provides for the reconstitution of the present Broadcasting Authority of Zimbabwe (BAZ) to make it freer of government influence.

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¶4. ZUMA on ZIM - Although most analysts expect new ANC president Jacob Zuma to be tougher over time on Zimbabwean president Robert Mugabe than SAG president Thabo Mbeki has been, Zuma in his initial press conference on December 20 defended current SAG policy.

-- "Our quite diplomacy, we are confident with it. We are going to continue with it."

-- In an apparent reference to Britain, he said: "The manner in which some pe?qQ0=e]cz

-- Zuma insisted South Africa's efforts to resolve the crisis in Zimbabwe had achieved more than any other country, including those that applied sanctions.

¶5. Zimbabwe Dialysis Machines Break Down - Indicative of deteriorating health care services in Zimbabwe, patients with renal failure are now unable to access dialysis treatment in the public sector. Previously, the public sector system provided dialysis at a modest cost to patients at two main centers--one in Harare at Parirenyatwa Hospital and a second in Bulawayo at Mpilo Hospital. The 18 dialysis machines in the public sector have not been functional at Parirenyatwa for the last week and at Mpilo for the past few months. Forty-four additional dialysis machines donated by Sweden have been lying idle due to a dispute over who should repair them. A crumbling health care system exacerbated by limited government resources has meant that patients are forced to either receive care in private facilities, if affordable, or remain helpless as their bodies are slowly poisoned by toxic metabolites.

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Economic and Business News  
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¶6. RQQq\*\$(~7r as a move against cash hoarders; he did not remove any zeros. Two days later Zimbabwe is still in a cash crisis as the RBZ fails to meet the bank's cash requirements which are soaring in lockstep with six-digit inflation. In the face of hyperinflation, the banks are seeking creative ways to make money but their deposit base is eroding in real terms. See Harare 1134.

¶7. IMF Mission Warns of Exponential Inflation - An IMF team

visiting Zimbabwe this week on a short mission told a meeting of donor ambassadors that the economy had probably contracted about 6 percent in 2007 and inflation was around 100,000% as the IMF's World Economic Outlook had forecast earlier in the year. They warned that the exponential rate of inflation that kicked in in March 2007 was unsustainable, but acknowledged at the same time the dynamism of the private sector, and the market orientation of the business community and its confidence in the long run future of the country. Alarming, however, was the devastating rate of skills loss, the deterioration in infrastructure, and, going forward, the GOZ's proposed economic policies that were largely "more of the same."